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Policies and Procedures

Title: Six Percent Limitation - Architectural-Engineering Contracts

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This DIRECTIVE provides policy on cost chargeable to the statutory limitation of total price paid under contracts for architectural engineering services.

Table of Contents

1.	ABBREVIATIONS	3
2.	DEFINITIONS	3
3.	BACKGROUND	3
4.	POLICY	3
5.	SERVICES CHARGEABLE	4
6.	SERVICES/LINE ITEMS NOT CHARGEABLE	4
7.	RESPONSIBILITY	6
8.	PROCEDURE	6

1. ABBREVIATIONS

- AE - Architectural-Engineering
- AGAR - Agriculture Acquisition Regulations
- FAR - Federal Acquisition Regulations

2. DEFINITIONS

Architectural-Engineering Services: Professional service associated with the preparation of specifications, drawings, cost estimates; the conduct of surveys, studies, investigations, and evaluations; the inspection of construction work, the review of shop drawings and submittal, the preparation of operating and maintenance manuals and other similar services, relating to any construction project.

Estimated Cost of Construction: An independent Government estimate of all cost necessary to construct a specific project by contract.

3. BACKGROUND

The Office of Federal Procurement Policy Act of 1974 (Public Law 93-400, as amended by Public Law 96-83) implemented the FAR system in Title 48 to the Code of Federal Regulations. It is FAR policy to continue to acquire architect engineer services in accordance with the Brooks Act (Public Law 92-582) and to maintain the 6 percent statutory limitation.

4. POLICY

The FAR 15.903(d)(1)(ii) provides that the total price or estimated cost (excluding profit) paid under contracts for the production and delivery of designs, plans, drawings and specifications, will not exceed 6 percent of the estimated cost of construction of the public work or utility. It is the policy of ARS that the 6 percent limitation applies only to design services and is to be factored against the **construction cost estimated at the time of award of the AE contract or individual work order.**

5. SERVICES CHARGEABLE

The following listing is indicative of the types of services chargeable to the 6 percent limitation:

- Actual preparation of specifications and drawings, including all effort expended by professional architects and engineers, drafting individuals, other technical effort and clerical support.
- All effort expended for the **joint review** of specifications and drawings with Government personnel at the various stages of design. (Duplicating, mailing, travel and other similar costs are **excluded**.)
- Preparation of construction cost estimates at the various stages of design.
- Effort expended by consultants which is integrally a part of the actual preparation of cost estimates, specifications, and drawings.

6. SERVICES/LINE ITEMS NOT CHARGEABLE

Below is a listing of the types of services which **are not** chargeable to the 6 percent limitation:

- Investigations and surveys relating to topography, boundary, utilities, soils, subsurface, structural, mechanical and electrical, and other existing conditions.
- Definition and preparation of program requirements (design criteria).
- Special studies such as energy conservation, environmental assessments, parking surveys, traffic, and historic preservation surveys.
- Special consultant services such as fire safety, acoustical, elevator, research laboratory, and soils engineering.
- Duplication and mailing of specifications and drawings.
- Renderings, photographs, graphic communications, fine arts, and other presentation material.
- Travel and per diem.

- Management, supervision, and inspection of construction work.
- Review of shop drawings and other submittal.
- Preparation of operating and maintenance manuals.
- Inspection team trailers.
- Transfers of "As Built" to originals.
- Preparation of "As Built" to drawings.
- Preparation of measured drawings.
- Feasibility studies.
- Site selection.
- Value management.
- Postage and telephone costs.
- Microfilming costs.
- Critical Path Method services.
- Master planning.
- Deficiency surveys.
- Display and study models.
- Life cycle cost analysis.
- All other services which are not integrally a part of the actual preparation of cost estimates, specifications, and drawings.
- Profit.
- Overhead and general and administrative costs not associated with design effort.

7. RESPONSIBILITY

Contracting Officers with AE authority will:

- Ensure that the price paid for the production of plans, drawings, and specifications under contracts for AE services does not exceed 6 percent of the construction cost estimated at the time of award of the AE contract.
- Prepare documentation for the file reflecting (1) the various costs and services covered by the contract and (2) an itemization of the services and costs which are not chargeable to the 6 percent limitation.
- Ensure that the actions described in 1 and 2 of this section H are complied with for all contract modifications which increase the total price under contracts for AE services.

8. PROCEDURE

Responsible Official: Contracting Officers with AE Authority

- Require offers on proposed contracts for AE services to be sufficiently detailed in terms of an itemization of costs, and services to be provided. For example, an AE's proposal should be accompanied by an itemized listing of services and costs for each speciality, i.e., architectural, mechanical. The architectural portion of the proposal would be supported by a specific identification of services and costs from which a determination can be made regarding applicability to the 6 percent limitation. The same would hold true for all other specialties or disciplines.
- Determine which services and corresponding costs are not chargeable to the 6 percent limitation.
- Include in the record of price negotiation required by FAR 15.808, the documentation necessary to reflect compliance with the 6 percent limitation. Documentation should include a breakout of costs both chargeable and not chargeable to the limitation.

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